


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Philip H. Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: September 10, 2012

SUBJECT: Fiscal Impact Statement – “General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2013-2018”

REFERENCE: Draft bill shared with the Office of Revenue Analysis on September 7, 2012

Conclusion

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

Background

The bill authorizes the District to issue general obligation bonds and general obligation bond anticipation notes to finance planned capital projects and, as necessary, refund existing debt during fiscal years 2013 through 2018. The bill allows the District to issue these bonds from time to time, in one or more series, in an aggregate principal amount not to exceed \$3.75 billion. To put this amount in perspective, the current capital improvement plan includes a planned borrowing of \$3.49 billion, and the last General Obligation Bond Authorization Act that covered years 2007 through 2012 authorized borrowing of \$ 3.2 billion.¹

Sections 461 through 467 of the District of Columbia Home Rule Act² describe as the following the allowable uses of proceeds from notes or bonds issued by the District of Columbia:

- Payment of the cost of acquiring, undertaking, or refinancing capital projects described for general governmental and enterprise purposes;
- The reimbursing of amounts temporarily advanced from the General Fund of the District of Columbia, any enterprise fund, or other fund or account of the District;

¹ “General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2007-2012 Authorization Act of 2006,” effective March 6, 2007 (D.C. Law 16-212; 53 DCR 9855) .

² Approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 *et seq*)

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FIS: "General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2013-2018" Draft bill shared with the Office of Revenue Analysis on September 7, 2012.

- The refunding of outstanding debt, including, but not limited to, any treasury advances and any notes issued pursuant to section 475 of the Home Rule Act; and
- The payment of the costs and expenses of preparation, execution, issuance, sale or delivery of, or security for, the bonds and notes, including the payments of contracts or agreements necessary and appropriate for issuing and delivering the bonds (such as underwriting, agency rating fees, legal fees, accounting fees, financial advisory fees, bond insurance and other credit enhancements, liquidity enhancements, printing costs and expenses, capitalized interest, establishment of debt service or other reserve funds related to the bonds, the payment of costs of contracts and the payment of other debt program related costs as provided in the contracts or agreements related thereto).

The bill furthermore specifies types of capital expenditures towards which the bond proceeds can be used, the process through which the bonds are issued, paid, or refunded, how District revenues are used for debt service, and the events and consequent remedies in case of default.

Financial Plan Impact

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. The \$3.75 billion additional borrowing authorized by the bill is consistent with the planned capital expenditures in the District's FY 2013 through FY 2018 Capital Investment Plan, which includes a planned borrowing of \$3.49 billion. The \$3.75 billion borrowing authorization would support the planned borrowing and some additional refunding of existing debt.